



FSA Assessments: An opportunity to improve compliance with Title IV Requirements

How the Verification and Fiscal Management Assessments can assist a school with compliance efforts.

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Session #S109: FSA Assessments

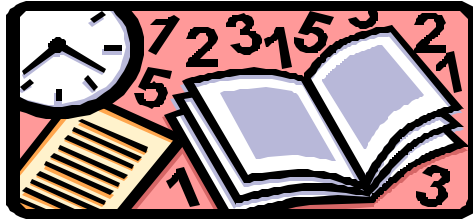


Session Agenda

1. Introduction
2. Navigate the Assessments.
3. Introduce two scenarios on how to use the FSA Verification and Fiscal Assessments to improve compliance efforts.
4. Wrap-up



Session Objectives



In this session you will learn...

- Where to find and how to navigate the assessments.
- How to use the Verification Assessment to assist with verification requirements.
- How to use the Fiscal Management Assessment to assist with reconciliation activities.

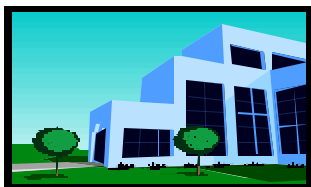


Getting started with the FSA Assessments

Instructor Demonstration

Purpose: To show the user how to get started using the FSA Assessments.

Step	Action
1	Click on the Internet Icon.
2	Type in the web address: http://fsa4schools.ed.gov . Click Enter .
3	Under Resources & Training , click FSA Self-Assessments Tool
4	The four categories of assessments are listed. Within each category, you will find several different assessments. By clicking on a specific category, you can choose any assessment within that category. Click on the Students category. Here you will find 4 assessments related to Student Eligibility.
5	Click back button.
6	Click on the Schools category. Here you will find 5 assessments related to Institutional Eligibility.
7	Click back button.
8	Click on the Managing Funds category. Here you will find 11 assessments related to managing funds at your school.
9	Click back button.
10	Click on the Campus Needs category. Here you will find 2 assessments related to Automation (Electronic Processes) and Administrative Capabilities.
11	Click back button.
12	Click on the Students category.
13	Click Student Eligibility .
14	In the top right hand portion of the assessment, click Download this assessment to your computer . This will bring up a blank copy of the assessment in Microsoft Word. You can then save this to your computer by clicking on File and Save As to a word document. We will not be doing this during this training.
15	Close the Microsoft Word Document and Return to the Student Eligibility Module.
16	Click back button twice.



Let us view how a school used the Verification Assessment to assist them in the evaluation of a “potential verification finding”.



Scenario 1

Scenario:

Your internal audit team is ready to schedule your next compliance audit. You have identified the following issues likely to be found by the audit.

There was a huge turnover in staff in both the FA Office and Fiscal Office. Six months into the award year, a veteran FA Administrator identified some issues when reviewing a student file in preparation for a scheduled meeting with a student. It was noted that the student file was not verified correctly and when the EFC was recalculated, the EFC increased and the student was no longer eligible for Federal Pell Grant funds.

The staff person who verified the file happened to be one of the new hires. It appeared that there was confusion as to what to verify and what was considered appropriate documentation. You are concerned that perhaps other staff might also be confused about what to verify and what is acceptable documentation. After a file review of 30 current financial aid files, you have identified 12 that had one or all of the following issues:

Findings: (Institutionally identified as “potential” findings)

- 1. Verification/ Incomplete Verification**
- 2. Verification not performed**

Management Enhancement Results: Corrective Action Plan:

After completing the verification assessment, the team determined that they would implement several corrective actions. They include but are not limited to -

Getting buy-in from senior management and the FA Office staff. The FA Office will continue to use the FSA Verification Assessment Tool to assist them in a proactive approach to resolve the self-identified issues.

- Perform a file review for all students selected for verification for the current award year. Recalculate and package awards.
- Prepare a Public Relations Plan to notify students of any award increases or decreases.
- Review prior-year audit to see if there were verification findings.
- Review Policies and Procedures related to verification.
- Enhance training efforts of staff using FSA Coach, FSA Verification Assessment, and training opportunities provided by National and State Associations and ED.
- Evaluate the time commitment to continue self-assessment activities or the feasibility of peer reviews.
- Identify an effective communication process to relay the progress and eventual results of the task.

Stakeholders:

Internal Audit Team
Financial Aid Office
Bursar
Senior Management

- **Why would they be involved as a stakeholder?**
- **What is the financial impact, if any, to the stakeholder?**
- **How is the FA office viewed as a result of the findings in the audit?**
- **Who else may be a potential stakeholder?**



Session #S109: FSA Assessments



Introducing the FSA Verification Assessment

Purpose: The purpose of this demonstration is to show the participant how to navigate and use the FSA Verification Assessment.

What is the FSA Verification Assessment?

The Verification Assessment is a tool to assist Program Review Staff, IIS's, FSA Customer Support Representatives, Auditors and Schools with the verification process. It was designed to "house" the information the Department provides on verification in one place and in a user-friendly, logical order. It incorporates direct links to verification related sources such as the Federal Law, Federal Regulations, FSA Handbook, Audit Guide, FSA University Activities, IRS 1040's, FAFSA's and related worksheets.

The Assessment was introduced at the 2002-03 EAC Conference. Schools were very interested in obtaining immediate access to the web site. They provided suggestions for improvement, which we incorporated into the latest version of the assessment.

Instructor Demonstration

Components: An introduction to the **Student Notification Component of the Assessment**

Step	Action
1	From the menu, select Students . Then select FSA Verification .
2	Select from the menu, <u>Student Notification</u> .
3	Select the link <u>Verification Regulations at a Glance</u> .
4	Click back button.

- It allows you to be proactive and not reactive. It can help you self identify issues of non-compliance. Helps you get a head start on a corrective action plan (Management Enhancement).
- This product is designed to encourage you to determine which activities, checklists or case studies you think are necessary to complete prior to a site visit or audit.
- If the Program Review Report requires you to develop new policies and procedures, the FSA Assessments can assist you in this process.
- Assists you find answers to verification questions.
- Provides easy access to the latest regulatory updates and/or requirements.
- Helps you and your staff review and test your knowledge of verification requirements and provides you with an opportunity to use this tool for training.



Highlight areas of the assessment you think would help the school with the evaluation of their verification process.



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Components: An introduction to the **Student Notification Component of the Assessment (cont.)**

Step	Action
1	Select Activity 1 – Verification Checklist and Activity Worksheet.
2	Select back button.
3	Select Activity 2 – Policies and Procedures Exercise.
4	Select back button.
5	Select Community Questions-Deadlines.
6	Click back button.

- Activity 1 - Provides a checklist and worksheet to answer the following Verification Requirements, Deadlines for students to submit documentation & Consequences of the failure to meet those deadlines, Method of notifying students of award change resulting from verification, Correction procedures for students, Means of publicizing requirement and procedures, and Standard procedures for referring overpayment cases to the Department of Education.
- Activity 2 – Provides you guidance on what needs to be included in your verification policies and procedures.
- Can assist you with your review of your policies and procedures.
- Community Questions provide a school an opportunity to review commonly asked questions. This question has to do with deadlines.

Components: An introduction to the **Verifiable Items Component of the Assessment**

Step	Action
1	Select from the Menu, Verifiable Items.
2	Select Activity 8: Case Studies Scenario.
3	Click back button.
4	Select Items to be Verified & Acceptable Documentation Chart.
5	Click back button.

- If a school elects to cease verification at 30% of its applicants, this link assists the school in demonstrating how they chose their 30% verification population.
- Activity 8 allows you to test your knowledge about Verification requirements. Examples taken from FSA University Training Materials on Verification.

Step	Action
1	Select 2004-05 IRS FORMS: IRS 1040.
2	Click back button.

- A resource that provides an IRS 1040 for a designated award year.



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Step	Action
1	Select Verification ISIR/1040 Comparison charts 2004-05 .
2	Click back button.

- A resource that provides an ISIR/1040 Comparison chart. It lists the items that require verification and where you can find the information on the FAFSA and appropriate IRS form or e file.
- Can assist in the verification process.
- Can assist in file reviews.

Components: An introduction to the Verifiable Items Component of the Assessment (cont.)

Step	Action
1	Select. Activity 9: File Review Exercise .
2	Click back button.
3	In section entitled: When completing the file review, we recommend linking to the: Click Dependent Verification Worksheet . Click back button. Click Independent Verification Worksheet . Click back button. Click FAFSA for Award Years 2002-03 through 2004-05 . Click back button.

- Activity 9 can assist you in a file review and provides worksheets to assist you in evaluating the files.
- Dependent/independent worksheets are made available along with a link to pull down a FAFSA.

Components: An introduction to Selection of Applicants for Verification and Verification Exclusions

Step	Action
1	Select from the menu, Selection of Applicants .
2	Select Activity 3: Applicants Selected for Verification Exercise .
3	Click back button.
4	Select from the Menu Verification Exclusions .
5	Select the link (34 CFR 668.54(b)(2)(i) – Exclusion from verification .
6	Click back button.

- If a school elects to verify the 30% minimum requirement, this link assists the school in demonstrating how they chose their 30% verification population.
- Provides easy access to verification requirements.



Management Enhancement/Corrective Action Plan – Progress Report

What have you seen so far that you think could assist this school in the further development of their Management Enhancement/ Corrective Action Plan?



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Components: An introduction to Conflicting Data and Updating Information

Step	Action
1	Select from the menu, Conflicting Data.
2	Select 668.54(a)(3).
3	Click back button.
4	Select Community Question – Conflicting Data.
5	Click back button.
6	Select from the Menu Updating Information.
7	Select Activity 7: Updating Information Exercise.
8	Click back button.

- Provides the regulatory cite for the requirement to resolve conflicting data.
- Tests your knowledge as to when updating information is required.

Components: An introduction to Interim Disbursements and Change of Information (Consequences of a change in Application Information).

Step	Action
1	Select from the menu, Interim Disbursements.
2	Select Activity 10- Interim Disbursement Pages 1 and 2.
3	Click back button.
4	Select from the menu, Change In Information.
5	Review Continuous Improvement Information on Status Codes Exercise - S Code.
6	Select Community Question – Verification Tolerances.
7	Click back Button twice.

- Tests your knowledge regarding interim disbursement regulations.
- Provides guidance when a school is liable for an interim disbursement if verification shows that the student received an overpayment or if the student fails to complete verification.
- Offers easy access to regulatory citations.



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Components: An introduction to Deadlines for Submitting Documentation and the Consequences for Failing to Provide Documentation and Recovery of Funds.

Step	Action
1	Select from the menu, Deadlines.
2	Select Related links: 2003-04 FSA Handbook, AVG, pages 51-52.
3	Click back button.
4	Scroll down to the bottom of the screen and click <input type="button" value=""/> button.
5	Select Community Question – Deadlines.
6	Click back button.
7	Select from the menu, Recovery of Funds.
8	Select Continuous Improvement Checklist A.
9	Click back button.
10	Scroll down to the bottom of the screen and click <input type="button" value=""/> button.
11	Select Community Questions & Answers – Recovery of Funds.
12	Click back button.



Tests your knowledge.



Questions assist school with reviewing procedures and requirements.

Components: Professional Judgment and Dependency Overrides

Step	Action
1	Select from the menu, Professional Judgment and Dependency Overrides.
2	Scroll down to the bottom of the screen and click <input type="button" value=""/> button.
3	Select Activity 12: Professional Judgment and Dependency Override File Review Activity.
4	Click back button.



Activity 12 provides a great tool for schools to review procedures for granting Professional Judgment and Dependency Overrides. Also provides an opportunity for the school to conduct a file review to ensure decisions were made in accordance with the law.



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Components: An introduction to Verification Outcomes and Final Checklist Sections

Step	Action
1	Select from the menu, Verification Outcomes.
2	In the right hand column, select Activity 13: Getting Aid Right-Use the 2003-2004 ISIR Analysis Tool to Improve School Verification Procedures and Practices.
3	Click back button.
4	Select from the menu, Final Checklist.
5	Click on Effective Practice Form . If you note things are working very well in this compliance area, you might want to share your Effective Practices with the Financial Aid Community. Please note that this site is under development. Click Back when you are finished.
6	Click on Management Enhancement Form . If you note areas needing improvement, you should complete a Management Enhancement Form. This form will help you to outline your plans for corrective action or improvement. The Management Enhancement Form is for your records. You do not send it to ED. This site is currently undergoing enhancement. Click Back when you are finished to get out of the Management Enhancement Form.
7	Click on the Technical Assistance Resources tab to get an exhaustive list of technical resources. You may need help in understanding certain Fiscal Management Requirements. No problem. You may either contact Customer Service or another office in FSA to obtain help. Click Back when you are finished to get out of Technical Assistance Resources.
8	Note that we do list “Related Modules” on the last page of each FSA Assessment to give you guidance on where you can find other mention of this compliance topic.

- Activity 13 includes a 2003-04 ISIR database from an actual school using the ISIR Analysis Tool. The identifiers within the database are changed to protect the school and students.
- A tool that allows schools to evaluate the effectiveness of their institutional/discretionary and CPS selected edits.
- Proactive approach to help schools improve their institutional verification program – making sure the right students are selected and ISIR elements that impact eligibility are targeted.



Management Enhancement/Corrective Action Plan – Progress Report

Is there something that you think could assist the school in this scenario that is not addressed in this assessment?



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Management Enhancement Worksheet
What module is this enhancement item related to? Verification Module.
Enhancement Item: (Provide a detailed description of the policy, procedure or system that needs to be improved). There has been a huge turnover in staff and a lack of training for new hires. Also, we noted that the system is being updated that documents are received, the documents are getting lost between the document center and the student file.
Enhancement Action: (Provide a detailed description of your plan of action to improve the above enhancement item) <ul style="list-style-type: none">• Perform a file review for all students selected for verification for the current award year. Recalculate and package awards.• Prepare a Public Relations Plan to notify students of any award increases or decreases.• Review prior year audit to see if there were verification findings.• Review the Policies and Procedures for verification.• Enhance training efforts of staff using FSA Coach, FSA Verification Assessment, and training opportunities provided by National and State Associations and ED.• Evaluate the time commitment to continue self-assessment activities or the feasibility of peer reviews.• Identify an effective communication process to relay the progress and results of the task.
Offices that need to be involved: Financial Aid Office Bursar Office Possibly Systems staff depending on the results of the file review.
Lead Persons to Coordinate Management Enhancement Item: Name: Siobahn Evans Title: Compliance Officer Phone Number: Extension X6192.
Near-Term Management Enhancement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Long-Term Management Enhancement? <input type="checkbox"/> Yes <input type="checkbox"/> No
Implementation Start Date: 12/1/03
After implementation, explain the final results: As a result of staff turnover, we determined that additional training in verification was necessary. In addition, we found that there was no clear guidance on what to do with documents after they were entered into the system. The verification policies and procedures were not up-to-date to reflect the changes in technology. We have determined that training will be an essential key to addressing the issues identified. Using the tools provided in both the assessments and FSA coach should assist our training efforts. We have shared the results with our auditor. We will also update our policies and procedures manual.
Date Policies and Procedures Manual updated to ensure problem does not reoccur: We will sample our 2004-05 files to make sure the problem has stopped and correct any errors in 2003-04.
<i>We recommend that your school annually review all management enhancement items to determine the effectiveness of enhancements implemented by your school.</i>



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Let us view how a school used the Fiscal Management Assessment to assist them in the evaluation of an audit finding "Title IV Accounting Records Not Reconciled".



Scenario 2

Scenario:

You have just been promoted to the Director in the Financial Aid Office and you previously held a senior position in the Admission's Office. You held your first staff meeting and the staff clearly articulated that they continue to struggle to reconcile 2003-04 Title IV funds.

This concerns you because you know you need to be preparing for your next annual audit. The staff indicated that they have spent countless hours working with the Business Office trying to reconcile accounts. You also discovered that the school recently had an audit of 2002-03 award year and was cited with the finding **"Title IV Accounting Records Not Reconciled"**. You are concerned because you may have a repeat finding on your hands.

You have had a huge turnover in staff and your office has been working hard to comply with ever changing Title IV regulations. You have determined to initiate a proactive approach by using the FSA Assessment Tool, Fiscal Management-End of the Year Activity to assist in reconciling your Title IV funds. With the information gathered, you can work with the appropriate offices to design and implement a corrective action plan.

Findings: (The institution identified "potential" findings).

1. **Title IV Aid not reconciled**
2. **Repeat finding**
3. **Failure to make Title IV Refunds**

Management Enhancement Results: Corrective Action Plan:

After completing the fiscal assessment, the team determined that they would implement several corrective actions. They include but are not limited to -

Getting buy-in from senior management, Comptroller, FA and Bursar Office staff. The FA Office will use the FSA Fiscal Assessment Tool to assist them in a proactive approach to resolve issues identified.

- Write policies and procedures to reflect the responsibilities of the Federal Perkins Promissory Notes for the Financial Aid Office and the Bursar Office, the monthly reconciliation of the Title IV funds and the End of the Year reconciliation for FISAP. Both offices will also understand the duties of each office.
- Create a flow chart and track what happens to a Federal Perkins Note document once it is mailed and received.
- To reduce the likelihood of future reconciliation issues, the school will use the Monthly reconciliation worksheets for the Federal Pell Grant Program and the Federal a Perkins Loan Program.
- The school will complete the Year-End Reconciliation Summary Worksheets in the Fiscal management Assessment at the end of each academic year.
- Develop a training program for new staff using FSA Coach – Fiscal management.
- Develop a training program for continuing staff using the FSA Assessment – Fiscal
- Review our corrective action plan in six months.
- Will review reconciliation efforts six months into the 2004-2005 award year to ensure that monthly reconciliation occurs.

Stakeholders:

Financial Aid Office
Bursar/Comptroller
Senior Management

- **Why would they be involved as a stakeholder?**
- **What is the financial impact, if any, to the stakeholder?**
- **Who else may be a potential stakeholder?**



Introducing the Fiscal Management Assessment

What is the Fiscal Management Assessment?

The Fiscal Management Assessment is a tool to assist Schools, Program Review Staff, IIS's, and Auditors with the Fiscal Management process. It was designed to “house” the information the Department provides concerning Fiscal Management requirements in one place and in a user-friendly, logical order. It incorporates direct links to Fiscal Management related sources such as the Federal Law, Federal Regulations, FSA Handbook, Blue Book, Checklists, and Reconciliation Activities.

Purpose: To show the user how to use the Fiscal Management Assessment to help with Reconciliation efforts.

Step	Action
1	Type in the following address: http://fsa4schools.ed.gov . Hit enter .
2	Under Resources & Training, click FSA Self-Assessments Tool .
3	From the menu, select Managing funds . Then select Fiscal Management .
4	Select from the menu, Cash management .
5	Select Activity 14 Reconciliation Activity .
6	Click Fiscal Year-End Reconciliation Worksheet . The Worksheet is displayed. This exercise is highly recommended for completion at the end of every academic year to ensure that all Title IV programs have been reconciled.
7	When done, click back button.

***Note: All hyperlinks to regulations are housed on the Government Printing Office (GPO) website. This website houses regulations for all government agencies. If you receive an error message when accessing a regulation hyperlink, click the back button and try again. In some cases (such as when the site is experiencing a high volume of traffic), it may take a couple of attempts to bring up the regulation.**

- Provides useful information regarding cash management requirements.
- Activity 14 provides an opportunity to reconcile Title IV funds on a monthly or annual basis.



Activity: Complete the following:

☐ Review the Fiscal Worksheet and background information on both the Pell and Perkins funds. Pages 17, 18 and 19.

☐ Answer questions on Page 20.



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We have just completed the attached Year-End Reconciliation Summary Worksheet to ensure all federal accounts have been reconciled. Hint: If we had been reconciling monthly, the year-end process would have been easier.

We used the following instructions to help our school understand how to use the Year-end summary worksheets.

- ★ **Offices involved in the process:** **Financial Aid Office, Business Office, Financial Aid Systems, and/or Direct Loan Systems.**
- ★ **Financial Aid Office Columns:** Calculate the totals for the amounts disbursed for each program (according to Financial Aid Office records).
- ★ **Business Office Columns:** Determine the amounts disbursed from each program (according to Business Office records, ledger, bank statements, etc). Calculate the totals for each program. Identify if you maintain separate ledgers for each Title IV Account.
- ★ **GAPS:** Record the amounts in each column as reported in GAPS.
- ★ **COD:** Record the amounts for Federal Pell Grant and Direct Loans as reported in COD. The COD website provides a number of reconciliation tools, including several reports such as the **Pell Electronic Statement of Account (ESOA) and Pell Year To- Date (YTD)**. For Direct Loan Schools, the School Account Statement (SAS) is also available. Use these reports and record the totals in the columns indicated. Please refer to the [COD Website](#) to request these reports (and a variety of other reports to assist with the reconciliation process).
- ★ **FISAP TOTALS COLUMN:** For schools participating in the Campus-Based Programs, complete the FISAP Totals to ensure that the amounts reported on the FISAP for the applicable year match with the school's reconciled fiscal records for each applicable program.
- ★ **We had Title IV amounts that did not match for certain programs, therefore we need to take appropriate action to resolve the discrepancy to ensure all accounts are in balance and we decided to complete a [Management Enhancement Worksheet](#).**



Date Reconciliation Completed: June 1, 2004

Academic Year Reconciled: 2003-2004

Financial Aid Office Records					
	Federal Pell Grant	FSEOG	FWS	Federal Perkins	Direct Loan
TOTAL	\$111,000	\$30,000	\$70,000	\$195,860	N/A

Business Office Records/Bank Statements					
	Federal Pell Grant	FSEOG	FWS	Federal Perkins	Direct Loan
TOTAL	\$135,300	\$30,000	\$70,000	\$193,960	N/A

GAPS					
	Federal Pell Grant	FSEOG	FWS	Federal Perkins	Direct Loan
TOTAL	\$135,300	\$30,000	\$70,000	N/A (No FCC)	N/A

COD		
	Federal Pell Grant	Direct Loan
Pell Year-To-Date (YTD) or Electronic Statement of Account (ESOA)	\$111,000	
School Account Statement (SAS)		N/A
Other COD Report used	N/A	N/A

FISAP TOTALS				
FISAP Year	Federal Pell Grant	FSEOG	FWS	Federal Perkins
Application Year 2004-05, Reporting Year 2003-04	\$111,000	\$30,000	\$70,000	\$193,960
The Amount Reported on the institution's FISAP should match with Reconciled Totals. If there are discrepancies, please note them here. Complete Management Enhancement Form (link below) for corrective action.				

For all areas that the school found problems, please complete a [Management Enhancement Worksheet](#) to explain and track the school's plan for corrective action.



Highlight discrepancies.



Background information for worksheet:

Federal Pell Grant Program:

As you can see on the summary reconciliation sheet, the financial aid office reported that \$111,000 in Federal Pell Grant funds was disbursed to eligible students during the 2003-2004 award year. When the financial aid office reviewed the amounts, they determined that their amounts included 15 students who withdrew (representing a total of \$24,300 that needed to be returned to the program). A Return of Title IV refund calculation was performed for each student, and the financial aid office sent the results to the Business Office so the funds could be returned to the program as required.

The Business office reported that \$135,300 had been disbursed to students. As you can see from the amount reported by the Business Office, that office did not return the funds to the Pell Grant Program as required. Further, the Pell Grant returns were not reflected on the accounts of the 15 students who withdrew. The difference between the \$135,300 reported by the Business office and the \$111,000 reported by the Financial Aid Office is \$24,300 (which is the amount of the Pell Grant funds that should have been returned to the Program).

The Business Office will need to send the \$24,300 back to the Pell Grant Program and reflect the amount in the institutions accounting records and the students individual account history.*

*Please note that schools may have different names for these processes: i.e individual account history could mean either an account card or account receivable.

Federal Perkins Loan Program:

According to the summary reconciliation worksheet, the Financial Aid Office reported \$195,860 in Federal Perkins disbursements during the 2003-2004-award year. However, the Business Office reported \$193,960 in Federal Perkins Disbursements and this is the same amount that was reported on the FISAP. At this particular school, the Business Office takes care of all disbursement issues for all students, including assurance that entrance and exit counseling is performed and promissory notes are signed. According to Business Office records, there were two students who cancelled their Federal Perkins Loans (\$950 each for a total of \$1900). These amounts were officially cancelled, but the Financial Aid Office was not informed of the cancellations so they could adjust the student's file. When these amounts were adjusted, the Perkins was reconciled.



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Questions For Consideration

1. What offices need to be involved in the reconciliation of Title IV funds?

- _____
- _____
- _____

2. What were the dollar discrepancies and what offices were involved?

Title IV Funding	Total Discrepant Amount	Offices Involved
Federal Pell Grant	\$	
Federal Perkins Loan Program	\$	

3. What may have caused the discrepancies in the Pell and Perkins Programs?

- Perkins Program:
- Pell Grant:

4. Review the “potential” Corrective Action plan – Management Enhancement on the following page. Do you or have you used corrective plans at your school?

5. Identify advantages lost by not reconciling monthly.



Management Enhancement Worksheet	
What module is this enhancement item related to? Fiscal Management Module.	
Name of School: Proactive College	
Enhancement Item: (Provide a detailed description of the policy, procedure or system that needs to be improved) There has been a huge turnover in staff in both the Financial Aid and the Business Office and a lack of coordinated training efforts. There are no written procedures for coordination between the Financial Aid Office and Business Office.	
Enhancement Action: (Provide a detailed description of your plan of action to improve the above enhancement item) <ol style="list-style-type: none">1. Write policies and procedures to reflect the responsibilities of the Promissory Notes for the Financial Aid Office and the Bursar Office, the monthly reconciliation of the Title IV funds and End of the Year reconciliation for FISAP. Both offices will also understand the duties of each office.2. Create a flow chart and track what happens to a Federal Perkins Note document once it is mailed and received.3. To reduce the likelihood of future reconciliation issues, the school will use the Monthly reconciliation worksheets for the Federal Pell Grant Program and Federal Perkins Loan Program.4. The school will complete the Year-End Reconciliation Summary Worksheets in the Fiscal Management Assessment at the end of each academic year.5. Develop a training program for new staff using FSA Coach – Fiscal management.6. Develop a training program for continuing staff using the FSA Assessment7. Review our corrective action plan in six months. <p>We will review our reconciliation efforts 6 months into the 2004-2005-award year to ensure that monthly reconciliation occurs.</p>	
Offices that need to be involved: Financial Aid Office Bursar Office	
Lead Persons to Coordinate Management Enhancement Item: Name: Siobahn Evans Title: Compliance Officer Phone Number: Extension X6192.	
Near-Term Management Enhancement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Long-Term Management Enhancement? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Implementation Start Date: 7/1/04 Implementation End Date: 6/30/05 (we plan to finish after reviewing reconciliation for at the end of the 2004-05 award year)	
After implementation, explain the final results: We will enter the final results and adjust our plan of action accordingly as we continue monthly reconciliation efforts and complete the final 2004-2005 Year-End Summary Monthly Reconciliation Worksheet at the end of the 2004-2005 disbursement cycle.	
Date Policies and Procedures Manual updated to ensure problem does not reoccur: We plan to update our policies and procedures manual by 7/1/2004.	
<i>We recommend that your school annually review all management enhancement items to determine the effectiveness of enhancements implemented by your school.</i>	



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Discussion Key: Activity 1 – Fiscal Reconciliation

1. **What offices need to be involved in the reconciliation of Title IV funds?**

- Financial Aid Office
- Bursar Office
- Comptroller

Remember: Schools should keep documentation of their monthly reconciliation efforts. Such documentation:

- Shows a good faith effort to reconcile school records to ED's records per program requirements.
- Provides a historical document for your internal use. This will allow you to track issues to completion and to review prior issues in relation to current ones. You may discover trends that highlight a weakness in your current process, which will provide an opportunity for improvement.
- Prevents misplacement of or lack of follow-up to important issues during staff transitions.
- Serves as a blueprint for guide for future efforts to resolve discrepancies.
- Remember – how you document your monthly reconciliation efforts is not as important as what you document. ED does not require schools to use a particular format for documentation; you are free to choose the format that works best for you.

2. **What were the dollar discrepancies and what offices were involved?**

Title IV Funding	Total Discrepant Amount	Offices Involved
Federal Pell Grant	\$24,300	Business, Financial Aid and Comptroller
Federal Perkins Loan Program	\$1,900	Business and Financial Aid Office

3. **What may have caused the discrepancies in the Pell and Perkins Programs?**

- Perkins Program: Policies and Procedures for the handling of Promissory Notes. Lack of coordination and communication.
 - Pell Grant: Bursar did not adjust accounts or return funds. Was there a system glitch or lack of communication? What triggers the comptroller to know the funds should have been returned?
4. **Review a “potential” Corrective Action plan – Management Enhancement** on the following page. Do you or have you used corrective plans at your school?
5. **Identify advantages lost by not reconciling monthly.**

- Unable to remember outstanding issues
- 30 day reporting requirement not met
- No documentation of meeting monthly reconciliation requirement
- Compliance issues can be identified early and rectified.



In Summary:

- ★ **The more you put into the FSA Assessment process, the more you get out of it.**
- ★ **Financial Aid should be a school-wide effort. The financial aid office is not the only office involved in the Financial Aid process.**
- ★ **The Assessments can be used to prevent compliance issues or help with resolving current compliance issues.**
- ★ **With the hyperlinks to current regulations and other publications, the assessments can also be a great learning tool or resource to find the answer to many Title IV issues.**
- ★ **Consider completing assessments related to any audit or program review issues brought up at your school.**
- ★ **If your school has no issues, consider completing at least two assessments per year.**

Please review Appendix A and B which includes more helpful information about using the FSA Assessments.

What Assessments will you begin when you get back to your campus?

1.	_____
2.	_____
3.	_____
4.	_____
5.	_____
6.	_____



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QUESTIONS

We appreciate your feedback and comments. We can be reached:
qualityassurance@ed.gov



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Appendix A: Examples of how the FSA Assessments can assist a school

Reason	Module	Options	Benefits to School
Deficient Audit Examples of Audit Findings: Example 1: Satisfactory Academic Progress Policy Not Adequately Monitored	Complete Satisfactory Academic Progress (SAP) Module. Complete activity within the module. Complete a Management Enhancement Worksheet to track progress and ensure policies and procedures are updated. Since SAP is related to other Student Eligibility issues, another module to be considered for completion is the Student Eligibility module	When completing the module related to the deficiency, the school has the option to choose which award year to review. The school may decide to review files from prior award years, but the school may also want to determine whether a particular deficiency is recurring and ensure that it has been resolved in the most recent award year. Remember, continuous improvement is a cycle. If the school has already completed two assessments when an audit suddenly shows deficiencies, the school should consider completing the module related to the deficiency immediately.	Potential to prevent the problem in the future. By correcting problems more timely the funds are available to eligible students more efficiently.
Example 2: Verification Not Documented/Incomplete	Complete FSA Verification Module. Complete all activities with the module. Review all Q & As and verification requirements.	The assessment includes helpful worksheets, activities to test compliance, links to FAFSAs, IRS Income Tax Forms and other documents that can help the Verification process to be easier and more efficient. Schools are also encouraged to complete the Verification Outcomes section of the assessment. This section provides information regarding how to use the ISIR Analysis Tool to help identify FAFSA elements prone to error. Users can import ISIR records into the tool and then use queries and specialized reports to obtain aid applicant data for illuminating problematic areas, zeroing in on specific EFC ranges, data elements and populations, customizing a campus-sensitive verification process, and evaluating the effectiveness of a school's verification procedures. It is important to note that only QA participants are granted relief from federal verification regulations.	Schools can benefit from the use of the FSA Verification Assessment whether or not the school has any Verification related findings. The assessment can be used as a training tool for those on campus that perform verification. It can also help develop policies and procedures or can be used as a reference for verification related materials such as IRS 1040s. The Verification Outcomes section that contains information about the ISIR Analysis Tool can help schools identify FAFSA elements prone to error and target those elements in their discretionary verification.



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Reason	Module	Options	Benefits to School
Recertification Process Example 1: School is going through the Recertification Process. Example 2: An audit or program review reveals non-degree programs that are not reported to the Department of Education	If the school is going through the recertification process, complete the recertification module. If the school has problems identified related to recertification, complete the <u>Recertification</u> module and the <u>Institutional Eligibility</u> module. Complete <u>Management Enhancement Worksheet</u> to track progress and ensure policies and procedures are updated.	If the school's recertification will be expiring during an award year, the school should complete the recertification module at least 9 months before the expiration of the Program Participation Agreement. If the school has problems revealed in an audit or program review related to the recertification process, the school should complete the recertification module immediately.	Can assist the school with the recertification process or assist with problems related to recertification or other Institutional Eligibility issues.
Fiscal Reconciliation Example of Reconciliation Finding: Title IV Accounts Not Reconciled	Complete the <u>Fiscal Management</u> module. Pay careful attention to the recommended Fiscal Activities within the module. <u>Activity 14</u> is especially helpful. Complete <u>Management Enhancement Worksheet</u> to track progress and ensure policies and procedures are updated.	A school should always ensure that all Title IV accounts are reconciled. If the school has a program review or audit scheduled, it is recommended that the school complete the reconciliation activity within the Financial Responsibility & Cash Management Module to ensure that all accounts are reconciled for the award years being reviewed. The reconciliation activity within this module would be a great activity to complete every year regardless of whether or not an audit or program review reveals deficiencies related to Fiscal requirements.	Helps the school with Fiscal Management. Helps the school to develop procedures to reconcile all Title IV accounts on a regular basis. Even schools that have no identified fiscal findings can benefit from completion of the Reconciliation Activity within the module.



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Reason	Module	Options	Benefits to School
Guarantee Agency Deficiency Example of finding: Late Refunds Made To FFEL Lenders	Complete the Return of Title IV Funds module. Complete activity within the module. Complete Management Enhancement Worksheet to track progress and ensure policies and procedures are updated.	When completing the module related to the deficiency, the school has the option to choose which award year to review. The school may decide to review files from prior award years, but the school may also want to determine whether a particular deficiency is recurring and ensure that it has been resolved in the most recent award year. Remember, continuous improvement is a cycle. If the school has already completed two assessments when an audit or program review suddenly reveals deficiencies, the school should consider completing the module related to the deficiency immediately.	Potential to prevent the problem in the future. By correcting problems more timely the funds are available to eligible students more efficiently.
Case Team Visit/Program Review Deficiencies Example of Finding: Ineligible school (additional Locations not approved)	Complete the Institutional Eligibility module. Complete Management Enhancement Worksheet to track progress and ensure policies and procedures are updated. Another related module to consider for completion would be the Recertification module.	When completing the module related to the deficiency, the school has the option to choose which award year to review. The school may decide to review files from prior award years, but the school may also want to determine whether a particular deficiency is recurring and ensure that it has been resolved in the most recent award year. Remember, continuous improvement is a cycle. If the school has already completed two assessments when an audit or program review suddenly reveals deficiencies, the school should consider completing the module related to the deficiency immediately.	Potential to prevent the problem in the future. By correcting problems more timely the funds are available to eligible students more efficiently.
No action or deficiencies	Complete at least two modules per award year. If any areas are noted for improvement, complete Management Enhancement Worksheet to track progress and ensure policies and procedures are updated	The school can choose any module to complete. The school is encouraged to work with the QA Team to establish areas that may require attention and select modules related to those areas. If, after completing the two assessments for the award year, the school discovers areas of potential concern, or an audit or program review suddenly reveals deficiencies, the school should consider completing the module related to the deficiency immediately.	Helps school continuously evaluate procedures to ensure compliance and reduce likelihood of major findings in future audits or program reviews.



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Appendix B: Review of the 22 available FSA Assessments

Category	Module	Description
Students	Student Eligibility	Based on a review of a small sample of student files, evaluates the effectiveness of the financial aid policies and procedures concerning student eligibility (e.g., citizenship, valid social security number, enrolled as a regular student in an eligible program, etc.).
Students	Awarding Aid	Based on a review of a small sample of student files, evaluates the effectiveness of the school's Title IV awarding procedures (e.g., Pell Grant eligibility and award amount).
Students	Satisfactory Academic Progress	Helps the school determine if its SAP policy complies with federal regulations (e.g., SAP policy is in writing).
Students	Verification	Evaluates the school's procedures related to Verification policies and procedures.
Schools	Institutional Eligibility	Evaluates the management procedures regarding Institutional Participation (e.g., approved Program Participation Agreement).
Schools	Consumer Information	Assists schools with requirements for Consumer Information. Includes all applicable requirements and examples of such, followed by questions to review Consumer information requirements in place at the school to determine if these requirements are in compliance with all applicable regulations.
Schools	Default Management	Assists schools in understanding cohort default rate calculations, challenges, adjustments and appeals; and helps schools to prevent students from defaulting on Federal student loans.
Schools	Recertification	Helps the school update its recertification application by providing instructional information and asking for a review of policies and procedures to ensure compliance with all applicable requirements.
Schools	Change In Ownership	Helps schools prepare for the process of a change in ownership and respond to the specific requirements throughout the process. Includes specific instructions for Mergers.
Managing Funds	Fiscal Management	Evaluates the effectiveness of the institution's Title IV fiscal procedures.
Managing Funds	Disbursing Aid	Evaluates the effectiveness of the school's Title IV disbursement procedures.
Managing Funds	Reporting & Reconciling	Evaluates the school's management procedures regarding the effectiveness of and compliance with Reporting and Reconciliation.
Managing Funds	Return of Title IV Funds	Ensures that Title IV funds are handled correctly when a recipient of those funds ceases to be enrolled prior to the end of the period of enrollment for which the recipient was charged.
Managing Funds	Perkins Awarding & Disbursement	Evaluates the schools procedures regarding the awarding and disbursing of Federal Perkins Loans.
Managing Funds	Perkins Due Diligence	Evaluates the school's procedures regarding Federal Perkins Loan collections.
Managing Funds	Perkins Repayment	Evaluates the school's procedures regarding Federal Perkins Loan repayment.



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Category	Module	Description
Managing Funds	Perkins Cancellation	Evaluates the school's procedures regarding Federal Perkins Loan cancellation.
Managing Funds	Perkins Forbearance & Deferment	Evaluates the school's procedures related to Federal Perkins Loan forbearance and deferment.
Managing Funds	FSEOG	Evaluates Federal Supplemental Opportunity Grant Program policies, procedures and operations to ensure compliance with these Title IV areas.
Managing Funds	Federal Work-Study	Evaluates Federal Work Study Program policies, procedures and operations to ensure compliance with these Title IV areas.
Campus Needs	Automation	Evaluates management procedures regarding and compliance with automation.
Campus Needs	Administrative Capabilities	Helps the school determine Title IV and non-Title IV areas where management operations should be assessed.